

**CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE**

**INITIAL STATEMENT OF REASONS FOR THE  
PROPOSED ADOPTION OF 100801 – INTELLECTUAL PROPERTY PROVISIONS  
APPLICABLE TO LOAN RECIPIENTS**

**HEARING DATE:** None scheduled.

**SUBJECT MATTER OF PROPOSED REGULATIONS:** Intellectual Property Provisions  
Applicable to Loan Recipients

**SECTIONS AFFECTED:** The proposed action adopts Section 100801 of Chapter 8 of Title 17.

**SPECIFIC PURPOSE AND FACTUAL BASIS FOR ADOPTION:**

**SECTION 100801 – INTELLECTUAL PROPERTY PROVISIONS APPLICABLE TO  
LOAN RECIPIENTS:**

**Purpose:**

**Subdivision (a):** This subdivision states that the following sections of the Intellectual Property and Revenue Sharing Requirements for Non-Profit and For-Profit Grantees shall apply to all recipients of a loan or loans granted pursuant to California Constitution Article XXXV Sec. 2(a) and Health and Safety Code Section 125291.20, subdivision (b) (“Loan Recipients”): Sections 100600, 100601, 100602 (except subdivisions (b)(3) and (b)(5), 100603, 100604, 100605, 100606, 100607, 100609, 100610 and 100611, of Title 17, California Code of Regulations.

**Rationale:** This section is necessary to identify which intellectual property regulations in the 100600 series will be applicable to recipients of a loan. This subdivision does not incorporate section 100608 nor subdivisions (b)(3) and (b)(5) of section 100602. In the context of loans, these provisions relating to revenue sharing are superfluous in light of the loan repayment and warrant provisions of the loan program.

**Purpose:**

**Subdivision (b):** This subdivision states In the event that a Loan Recipient is unable or unwilling to repay its loan and the Loan Recipient or its CIRM Funded Invention or CIRM-Funded Technology is not the subject of a repayment-triggering change of control as defined in its loan documents or the CIRM Loan Administration Policy, then said Loan Recipient shall neither abandon nor otherwise compromise the value of the CIRM Funded Invention or Technology without first 1) notifying CIRM at least sixty (60) days in advance of any abandonment or value compromise of the inability or unwillingness to repay the loan; 2) making a good faith effort to identify third parties who are both i)

interested in acquiring said Invention or Technology and ii) willing to undertake the applicable Loan obligations; and 3) co-operating with CIRM in transferring the Invention or Technology and all related obligations and interests to the identified third party on terms acceptable to CIRM.

Rationale: Subdivision (b) of the this regulation is intended to ensure that a loan recipient cooperates with CIRM in identifying third parties that may be interested in acquiring the loan recipient's intellectual property in the event the loan recipient is otherwise planning to abandon the intellectual property.

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